

## GOVERNMENT OF ANDHRA PRADESH

### ABSTRACT

Industries & Commerce Department- Scheme on Value Chain Development in Food Processing Industries- Orders - Issued.

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### INDUSTRIES & COMMERCE (FP) DEPARTMENT

**G.O. Ms. No. 4**

**Dated 20.01.2010**

Read the following:

1. G.O. Ms. No. 179, Industries & Commerce (FP) Department dated 22.06.2005.
2. G.O. Ms. No. 249, Industries & Commerce (SSI) Department dated 08.12.2009.

#### **Order:**

In the G.O. first read above, orders were issued on Food Processing Policy of Andhra Pradesh, extending various incentives and concessions to the Food Processing Industries in the State.

2. In the G.O. second cited orders were issued constituting a State Level Steering Committee to co-ordinate and monitor the progress of Implementation of the Micro and Small Enterprises- Cluster Development Programme (MSE-CDP), Government of India.

3. After careful examination, Government have decided to introduce a scheme for promotion of clusters on "Value Chain Development in Food Processing industries in Andhra Pradesh"

#### **4. Coverage of Sectors :**

This Scheme will cover entire value chain in sectors like agriculture, horticulture, medicinal and aromatic plants, animal husbandry, fisheries, minor forest produce, farm forestry sectors.

#### **5. Components of the Value Chain covered under the scheme:**

- a) Input processing units
- b) Raw material handling (primary processing units) viz., separation of edible portion, drying, grading & standardization,
- c) Units processing for value addition viz., food processing, agro-processing of non-edible produce, by-product processing
- d) Units engaged in distribution network,

Units of investments eligible under each of the above components is given at Annexure-I.

6. Objectives of the Scheme:

It shall be the objective of the Scheme to promote Food processing sector on a cluster basis covering entire value chain and more specifically to:

- a) increase farm incomes through local value addition.
- b) promote low capital but labour intensive food & agri-business enterprises in rural and semi-urban areas.
- c) promote quality certification and traceability in the food value chain.
- d) improve quality and productivity of primary producers as per the demands of the food processing sector, through hand holding services in technology adoption.
- e) increase the food industry share in export earnings and employment.

7. Coverage of districts:

Scheme is initially proposed to be implemented in the following 10 districts, which can be expanded to other districts, based on the requirements from other districts.

SNO	District	Commodities Suggested – Value chain development
1	Rangareddy	Hygienic Food Retailing (pulses, milk products, vegetables, pre-cooked food, fruit juices, etc.)
2	Karimnagar	Maize, Soyabean, Milk
3	Nizamabad	Maize, Soyabean, Spices
4	Medak	Fruits & Vegetables, Pulses
5	Kurnool	Pulses, Fruits & Vegetables, Spices
6	Chittoor/ Kadapa	Fruits, Vegetables & Fodder , Milk
7	Visakhapatnam	Fishery, Minor Forest Produce, Spices
8	Srikakulam	Fishery,
9	Guntur	Spices
10	Prakasam	Milk, Pulses

8. Concessions / incentives to eligible entrepreneurs

The new scheme will identify eligible entrepreneurs and shall utilize the concessions and incentives available from various schemes of Government of Andhra Pradesh and Government of India, such as:

- a) Incentives for setting up of New Industries for all the individual units as per Industrial Investment Promotion Policy of Government of Andhra Pradesh issued from time to time.
- b) Capital Investment subsidy Schemes of Government of India viz., Grameen Bhandar Yojana, Scheme on Development/ Strengthening of Agriculture Marketing Infrastructure, Scheme on Agri-clinics & Agribusiness centres, Scheme on PM Employment Guarantee Program, Scheme of upgradation / Setting up of Food Processing Industries.

The scheme shall cover grants/incentives/subsidy as above and promotional activities to Special Purpose Vehicles under Food Processing sector as per MSE-CDP guidelines. The cluster can be operated by individual producers or registered institutions viz., co-operatives, societies, producer companies, private or public limited companies. Producer groups like SHG federations (Zilla / Mandal Mahila Samakyas), Ryot Mitra Groups and other commodity groups promoted by various line departments (may be encouraged to participate in the value chain scheme, as they can leverage their stake hold in the sector and the access to financial institutions). Existing market intermediaries, educated entrepreneurs, trained under EDP programs supported by Government or DFIs are also eligible.

#### 9. Task Force for Implementation of the Scheme

State Level Monitoring & Implementation Committee constituted in G.O.Ms.No.249, Ind.& Com.(SSI) Deptt., dated 8/12/2009 will monitor this scheme also.

State level Committee shall receive proposals for FP clusters and forward the same to office of Development Commissioner, MSME, New Delhi for various approvals.

#### 10. Implementing Agency

At District Level the Task Force committee shall implement the scheme with the following members:

Dist Collector	- Chairman
General Manager, Dist. Industries Centre	- Member Convener
Jt. Director, Agriculture	- Member
Asst Director/Dy. Director, Agriculture Marketing	- Member
Asst Director, Horticulture	- Member
Lead Bank Manager	- Member
AGM, NABARD/ NABCONS	- Member
Representative of NYKS/SC/ST Corporation	- Special Invitee
Representative of MSME-DI, ITI/Polytechnic	- Special Invitee
Representative from Govt. Depts. in the selected commodity- ( Animal Husbandry, Diary, Fisheries, Agriculture, Horticulture, Marketing etc.)	- Special Invitee

The implementing agency shall associate various industrial associations, academic colleges/universities, ITIs, and reputed NGOs/ Institutions/ SHGs/ MACS in the implementation of the Scheme in the areas of (a) Identification of Clusters for value chain, (b) Identification of entrepreneurs/enterprises in the cluster, (c) Conducting diagnostic and preparation of DPR for infrastructure development and common facility centres.

The Committee shall submit proposals for Cluster development to State Level Committee for approval. (Investment subsidy for individual enterprises shall be directly applied to the respective banks).

11. Task Force headed by District Collector is entrusted with the following functions for the promotion of clusters:

a) Identification of the Value Chain for Cluster Development:

- i) To prioritize One or two commodities in each district for cluster development of the entire value chain, based on the available raw materials, existing linkages and potential for value intensification in the district. The list of prioritized commodities for value chain cluster development as given at Table-1 may be taken only as guidance and new commodities could also be considered by District Task Force. Once commodities are identified, Task Force shall send proposals to State Level Committee for undertaking Diagnostic Study.
- ii). To undertake Diagnostic studies in the district for the short-listed commodity to identify the potential, gaps in infrastructure, drawing an action plan, which forms the basis for implementation of the value chain development scheme. Pending the diagnostic study report, the works on other issues can be started.
- iii). Detailed Project Report: To send proposals to prepare a technical feasible and financially viable project report for setting up of a common facility centre through any professional agency on basis of Diagnostic Study for cluster of Food Processing units and / or infrastructure in existing industrial estate/area/cluster.
- vi) Soft Interventions: To review Technical assistance, capacity building, exposure visits, market development, trust building, etc. for the cluster units by respective agencies.
- (v) Infrastructure Development: To send proposals for Development of land, provision of water supply, drainage, power distribution, non-conventional sources of Energy for common captive use, construction of roads, common facilities such as First Aid Centre, Canteen other need based infrastructural facilities if cluster is proposed in any identified land.

b) Identification of entrepreneurs in the cluster and formation of SPV:

- (i) Project proposals will be invited from potential Food Processing Enterprises at district level through press, advertisement, radio and other multi-media by DICs at periodical intervals depending on the target allotted to that particular district.
- (ii) The scheme will also be advertised / publicized through the Panchayat Raj Institutions, RD, who would also assist in identification of entrepreneurs.
- (iii) Sponsoring of projects by any agency is welcome, but not mandatory.

- (iv) The beneficiary can directly approach Bank/Financial Institution along with his/her project proposal or it can be sponsored by DIC/Panchayat etc. However, the applications received directly by the Banks will be referred to the Task Force for its consideration.
- (v) Task force shall approve the proposals based on techno-economic feasibility, bankability and the capacity of the entrepreneur to implement the project and form cluster SPVs.

c) Facilitation by District Industries Centre

District Industries Centre will coordinate with various agencies in identification of clusters/entrepreneurs for the value chain development.

District Industries Centre will coordinate with various departments for getting clearances/ NOCs on a single window basis.

District Industries Centre will coordinate with concerned agencies for providing support services and sending proposals for approval of clusters/units.

d) Bankers Review Meetings

Since the investment concessions/subsidy for individual units (within a cluster) is a bank driven scheme and the final sanction of project and release of loan is done at the level of concerned Bank, it is therefore imperative that District Industries Centres interact regularly with the Bankers at District level to ensure that the bottle necks, if any, in implementation, are resolved and outcomes are effectively achieved. The scheme should be included in DCC level, so that it gets focused attention of all banks.

Banks will take their own credit decision on the basis of viability of each project. Task force should ensure that entrepreneurs get all the regulatory permissions and concessions envisaged under various schemes.

e) Physical verification of clusters/Units

100% physical verification of the actual establishment and working status of each unit, set up under the Scheme, will be done by DIC.

f) Clusters Awareness Camps:

District Industries Centres will organize clusters awareness camps, in close coordination with each other District Industries Centre, to popularize the Scheme and to educate potential beneficiaries in rural, semi rural and urban areas about the Scheme. The awareness camps will involve participation from the unemployed men and women, with special focus on special category, i.e., SC, ST, BC, Physically challenged, etc

12. Reporting Progress:

A suitable proforma will be designed by Government regarding physical verification, and quarterly progress reports, which are to be submitted by the District Level Committee to the State Level Committee.

13. Monitoring & Evaluation of the Scheme

Monitoring and evaluation of the scheme would be taken by an independent professional agency, to study the processes, provide the inputs for corrections, if any.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH.)

I.RANI KUMUDINI,  
SECRETARY TO GOVERNMENT

To

The Commissioner of Industries, Hyderabad

All the Special Chief Secretaries/Principal Secretaries / Secretaries to Govt.

All Heads of Departments.

All District Collectors in the State.

All Departments in Secretariat.

The Accountant General, A.P., Hyderabad.

The Vice Chairman & Managing Director, Andhra Pradesh State Industrial Infrastructure Corporation Limited, Hyderabad

The Vice Chairman & Managing Director, Andhra Pradesh State Industrial Development Corporation Ltd., Hyderabad.

Copy to:

The Secretary to Government of India, Ministry of Food Processing Industries,  
Panchsheel Bhavan, August Kranti Marg, New Delhi-110049.

The Principal Secretary to Chief Minister.

P.Ss. to Minister for (Major Industries / Agriculture/ Horticulture/ SSI/ Fisheries/ Animal Husbandry/Dairy)

P.S. to Chief Secretary to Govt.

P.S. to Principal Secretary to Govt. & CIP. Industries & Commerce Deptt.

P.S. to Secretary to Government, Industries & Commerce Department.

Sc/Sf.

// Forwarded :: By Order//

SECTION OFFICER

## **Annexure-I**

(G.O.Ms.No.4, Industries & Commerce (FP) Department dated 20.01.2010)

Eligible investments under various components of Food Processing Value Chain- "Scheme on Value Chain Development in Food Processing Sector in Andhra Pradesh"

- a) Input production & processing (of seed, tissue culture plants, fish & poultry hatcheries, animal feed, fodder banks, bio-fertilizers, organic inputs (vermin compost), Production Advisory services such as Agri-clinics & Agri-business Centres; Magazines, ICT services for technology transfer, etc)
- b) Crop/Live-stock Production (Agriculture, Horticulture, Fishery, Animal Husbandry & Farm Forestry)
- c) Raw material Handling (Primary Processing - no form change) (drying, cleaning, grading, standardization, pickling, vapour heat treatment, smoking of fish, de-feathering/de-skinning/de-boning of live stock (slaughter houses), packing of whole raw materials, freezing, retail packing, debarking and sizing of pulp wood, curing of spices, plantation crops, use of plastics, etc)
- d) Logistics- Storage/ Transportation/ Bulk Handling (warehouses, cold storage, bulk handling facilities, refrigerated containers/ vans/ rail/ road transportation, Logistics service providers)
- e) Marketing infrastructure (Aggregation centres; Marketing infrastructure, marketing services):
  - i) Pooling/Aggregation of Raw Materials (Milk collection centres, Grain collection centres, Fruit & Vegetable pack houses, Fish landing sites, pulp wood depots, etc.)
  - ii) Marketing Infrastructure ( Commodity exchanges, Spot markets, direct marketing infrastructure, private markets, etc
  - iii) Marketing Services- (Quality testing labs, process/ produce certification- (ISO, GAP, GMP, HACCP, Organic, FTP), pooling agents/commission agents, Agro-Service Centres engaged in contract production of seed, fingerlings, livestock , etc).
- f) Manufacturing/Processing Units (Food processing, Agro-processing, By-product processing)
  - i) Food Processing- Change of form (extraction of edible portion, milling/ pulping/ expelling/ mincing/ pulping, concentration, fortification, baking, derivatives, consumable products, ready to serve products, etc).
  - ii) Agro-processing -(processing of agriculture produce for non-food purposes viz. lamination, pulp based products, ginning, tobacco curing, etc.

- iii) By-product processing (animal/fish feed mills, composting, bone meals, derivatives from carcass, bio-mass particle boards, biomass digesters for power generation, etc)
- g) Distribution networks (inputs, raw material, primary processed or processed produce).
  - i) Marketing intermediaries (C&F Agents-Wholesalers-Retailers)
  - ii) Organized distribution through exclusive networks (franchisee/company operated networks)
  - iii) Distribution infrastructure (Storage, Cold Chain, Distribution points, Retail Outlets, mobile food retailing units, etc)
- h) R & D & Advisory services (Contract research, Technical/ Financial/ Regulatory/ HRD advisory services, Technology-incubation centres, policy research, etc.)

I.RANI KUMUDINI,  
SECRETARY TO GOVERNMENT